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REGENT PUMPS PTY LTD & ANOR

v.

KEYLARGO INDUSTRIAL SDN BHD

B

HIGH COURT MALAYA, KUALA LUMPUR
RAMLY ALI J
[ORIGINATING MOTION NO: D5 (IP) (D7)-25-13-2007]
3 SEPTEMBER 2008

C ***TRADE MARKS:*** *Infringement of registered trade mark and passing off - Application to rectify register by expunging trade mark - Lawful proprietors and "aggrieved persons" - Fraud - Permission or consent - Abandonment of goodwill and reputation - Deception and confusion to public - Delay - Trade Marks Act 1976, s. 45(1)*

D This was an application by the applicants for the rectification of a trade mark registered by the respondent in Malaysia, either by expunging the trade mark or substituting the 1st or 2nd applicant's name as the registered owner of the trade mark under s. 45 of the Trade Marks Act 1976 ('TMA'). Both the applicants, which E were Australian companies that manufactured and exported industrial pumps, were related *ie*, having the same Managing Director and the same ultimate shareholders. The 1st applicant was the registered proprietor of the trade mark "OPAL PUMPS" since 1999 for pumps and machines being pumps, all included in F Class 7, while the 2nd applicant was the manufacturer of pumps bearing the trade marks "OPAL PUMPS" and "OPAL". The respondent, a Malaysian company, was a distributor of the 2nd applicant's products bearing the trade mark "OPAL" in Malaysia since 1995. In 1999 the respondent, on its own accord, registered G the trade mark "OPAL" ('the Mark') in its own name in Malaysia in respect of pumps, machines and machine tools, all included in Class 7. The respondent eventually ceased to be the distributor for the applicants, which continued to sell their products in Malaysia through other local distributors. When the applicants H found out that the respondent had wrongfully registered the Mark in its own name and in respect of the same goods in the same class, they filed the present application. The following issues required consideration: (i) whether the applicants were the lawful proprietors of the Mark and were "aggrieved persons" under I

s. 45(1) of the TMA; (ii) whether the registration by the respondent was obtained by fraud; (iii) whether the respondent had received consent from the 2nd applicant to apply for the registration of the Mark in Malaysia; (iv) whether the applicants had abandoned their goodwill and promotional efforts in Malaysia in relation to the Mark; (v) whether the Mark offended s. 14(a) of the TMA as its use was likely to deceive or cause confusion to the public; (vi) there was delay on the applicants' part in filing the present application; and (vii) whether the court ought to exercise its discretion under s. 45(1)(a) of the TMA.

Held (allowing the application):

(1) The 2nd applicant was the first user of the Mark in Malaysia and was the lawful proprietor of the Mark. The first user of a trade mark in a country becomes the lawful proprietor of the trade mark in that country and if another person subsequently registers the trade mark as his, then the lawful proprietor becomes an "aggrieved person". The applicants were thus "aggrieved persons" within the definition of s. 45(1) of the TMA and were entitled to file the present application. (paras 18, 19 & 20)

(2) Registering a mark that belongs to another trader despite knowing the lawful proprietor of the mark is the other trader is considered fraud within the definition of one of the exceptions stated in s. 37 of the TMA. In the circumstances, the respondent in the present case had obtained the registration of the Mark in Malaysia by fraud. (paras 31 & 32)

(3) From the evidence available, the respondent was not entitled to register the Mark in Malaysia in its own name since there was no document to show that the 1st applicant had given such permission to the respondent. In fact, there was conclusive evidence that the applicants did not authorise the registration of the Mark in Malaysia by the respondent. In any event, even if such permission or consent had been given the respondent was nonetheless not entitled to register the Mark since it was not the lawful proprietor of the Mark and the Mark was not distinctive of the respondent. The Mark had already been registered in the 1st applicant's name in Australia since 1999. (paras 36 & 37)

(4) The applicants did not abandon their goodwill and reputation of the Mark in Malaysia. The very fact that products originating from the 2nd applicant were still being sold in Malaysia by other distributors showed that the 2nd applicant still had goodwill and reputation in Malaysia. The respondent also did not do anything to dissociate the Mark with the 2nd applicant's mark. The respondent was well aware that the Mark "OPAL" was distinctive of the 2nd applicant and continued to use the 2nd applicant's goodwill and reputation in the Mark in its marketing activities. (paras 44 & 49)

(5) Being the first user and the lawful proprietor of the Mark in Malaysia, the Mark had become identified with the 2nd applicant and was distinctive of the 2nd applicant for goods in Class 7 in the Malaysian market. Therefore, there was actual deception and intention to deceive on the part of the respondent, and it should not be permitted to register the Mark. The public should not be left in doubt as to whether the two products carrying the same mark came from the same source. (para 55)

(6) The allegation of delay could be disregarded because it was not raised in the respondent's affidavit, thus depriving the applicants of the opportunity to explain the same. In any event, mere delay (which had yet to be proven) after knowledge of infringement did not deprive the applicants of their statutory rights or the appropriate remedy. (paras 57 & 58)

(7) By reason of the aforesaid, the present rectification application by both applicants should be allowed and the Mark expunged from the Registrar of Trade Marks, Malaysia. (para 59)

Case(s) referred to:

Bali Trade Mark [1969] RPC 472 ***(refd)***

Bayer Pharma Pty Ltd v. Farbenfabriken Bayer AG [1965] 120 CLR 285 ***(refd)***

Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd [1992] 4 CLJ 1979; [1992] 2 CLJ 311 HC ***(refd)***

Electrolux Ltd v. Electrix Ltd and Another [1954] 71 RPC 23 ***(refd)***

Hai-O Enterprise Bhd v. Nguang Chan [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436 HC ***(refd)***

In re Apollinaris Company's Trade Marks [1891] CA 186 ***(refd)***

Luk Lamellen Und Kupplungsbau GmbH v. South East Asia Cluth Industries Sdn Bhd [1996] 3 CLJ 904 HC ***(refd)***
Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor [2008] 1 CLJ 46 CA ***(refd)***
RH Macy & Co Inc v. Trade Accents [1992] 1 SLR 581 ***(refd)***
SV Beverages Holdings Sdn Bhd & Ors v. Kickapoo (Malaysia) Sdn Bhd [2008] 4 CLJ 20 CA ***(refd)***

Legislations Referred to:
Trade Marks Act 1976, ss. 3, 14(1)(a), 37, 45(1)(a)

For the applicants - Cindy Goh; M/s Cheang & Ariff
For the respondents - Christopher Leong (Sharmala Balasundram with him); M/s Chew Kar Meng, Zahar Din & Partners

Reported by Suresh Nathan

JUDGMENT

Ramly Ali J:

[1] The present originating motion is filed by the applicants (Regent Pumps Pty Ltd) and Opal Pumps (Australia) Pty Ltd) for the rectification of the trade mark registered by the respondent (Keylargo Industrial Sdn. Bhd.) in Malaysia either by expunging the trade mark or substituting the 1st applicant or the 2nd applicant's name as the registered owner of the trade mark under s. 45 of the Trade Marks Act 1976 (TMA).

The Applicants

[2] Both the applicants are Australian companies, sharing the same place of business at 1-7, Redwood Drive Dingley, Vic 3172. The Managing Director of both companies is the same person ie, Roger Withers. Both the applicants are related companies having the same ultimate shareholders.

[3] The 1st applicant is the registered proprietor of the trade mark "OPAL PUMPS" bearing Trade Mark No. 813976 in Australia since 16 November 1999 for pumps, machines being pumps, all included in Class 7 while the 2nd applicant is the manufacturer of pumps bearing the trade marks "OPAL PUMPS" and "OPAL".

[4] Both the applicants are reputable companies that manufacture, import, wholesale and export industrial pumps. They have been in this line of business for more than 15 years since 1993 and are well known to produce high quality industrial pumps. Their products are primarily sold to distributors and original equipment manufacturers all over the world. The applicants have been extremely successful in their business with their recent turnover amounting to more than RM23 million (about AUD8 million) a year.

[5] Both the Applicants have also put much effort and expenses in promoting and developing the trade marks "OPAL PUMPS" and "OPAL" as a high quality brand for industrial pumps with an extensive international clientele established. The applicants' products are also sold all over the world such as in Australia, New Zealand, China, South East Asia and other South Pacific nations. The list of the applicants' overseas distributors can be seen in exh. AAA1 (p. 5 of the respondent's first affidavit) which shows the presence of the 2nd applicant in Hong Kong, Malaysia, Philippines, Singapore, Taiwan and Thailand as countries in which the applicants' products are being distributed to.

[6] Based on the above, the applicants claim that the trade marks "OPAL PUMPS" and "OPAL" have become a popular, reputable, prestigious and enjoy tremendous goodwill in the industry of pumps in Malaysia and abroad; therefore, has come to be distinctive of the applicants and of no other party.

The Respondent

[7] The respondent is a Malaysian company and was a distributor of the 2nd applicant's products in Malaysia since 1995. The respondent has been selling, offering for sale and/or otherwise dealing with products which bear the trade mark "OPAL" in Malaysia on behalf of the 2nd applicant in its capacity as a distributor.

[8] The presence of the applicants and their products in Malaysia can be seen from the sale of the products bearing the trade mark "OPAL" in Malaysia by the respondent and

subsequently by other local distributors such as a company called Iklim Hardware & Machinery Sdn Bhd ('Iklim'). A

[9] On 20 December 1999, the respondent, on its own accord, registered the trade mark "OPAL" ('the Mark') in its own name in Malaysia *via* Trade Mark No. 99013078 in respect of pumps, machines and machine tools, engine, all included in Class 7. Eventually, the respondent ceased to be the distributor of the applicants. The applicants then continue to sell their products in Malaysia through other local Malaysian distributors such as Iklim. B

[10] When the applicants found out that the respondent had wrongfully registered the Mark in its own name and in respect of the same goods in the same class, the applicants filed the present application for rectification of the trade mark pursuant to s. 45(1) of the Trade Marks Act 1976 (TMA). C D

Applicants' Contentions

[11] In summary, the applicants contend that they are entitled to the present rectification proceeding on the following grounds: E

(a) the applicants are aggrieved persons under s. 45(1) of the TMA;

(b) the Applicants are lawful proprietors of the Mark in Malaysia;

(c) the registration by the respondent was obtained by fraud; F

(d) the trade mark offended s. 14(1)(a) of the TMA as its use was likely to deceive or cause confusion to the public; and

(e) In light of the above, the court ought to exercise its discretion under s. 45(1)(a) of the TMA. G

Respondent's Contentions

[12] The respondent on the other hand contends as follows:

(a) the applicants are not "aggrieved persons" within the meaning of s. 45(1)(a) of the TMA; H

(b) the respondent is the lawful proprietor of the Mark;

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(c) the applicants did not play any role in the advertisement and promotional effort in Malaysia relating to the Mark;

(d) the applicants have abandoned their goodwill and reputation in Malaysia in relation to the Mark;

(e) the products sold by the respondent in Malaysia are CKD products which are distinctive of them and which can be distinguished from the applicants products;

(f) that the respondent had received consent from the 2nd applicant to apply for the registration of the Mark in Malaysia; and

(g) that there is lack of urgency or delay on the part of the applicants in filing the present application.

Findings of Court

"Aggrieved Persons"

[13] The objective of owning a trade mark is to indicate 'origin'. Generally speaking, it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports the goods.

[14] In the present case, it is common ground that the mark "OPAL" was first conceived in Australia by the applicants which is derived from the company name of the 2nd applicant, Opal Pumps Australia Pty Ltd. By appointing the respondent as the local Malaysian distributor of Opal products, the applicants were the ones who first intended to use the Mark in Malaysia and had actually used the Mark in Malaysia.

[15] The applicants are the original and common law proprietors of the Mark as they are the foreign companies who places the Mark intended to be exported for sale to Malaysia. A foreign manufacturer who places his trade mark upon his product which he intends to export for sale into Malaysia is the proprietor of that mark. An importer of such goods, notwithstanding the acquisition of a commercial reputation therefore, does not acquire any proprietary rights over a manufacturer's mark merely by being a

conduct from manufacturer to ultimate consumer. (see: *Hai-O Enterprise Bhd v. Nguang Chan* [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436).

[16] It cannot be denied that the respondent were once the 2nd applicant's distributor in Malaysia for products bearing the Mark. This is evident from the respondent's own documents in the form of a certificate issued by the 2nd applicant to the respondent in appreciation of the respondent being the 'No. 1 Opal Distributor for 1995 and 1996'.

[17] The respondent also did not deny that they have distributed brochures bearing the name of the 2nd applicant. Brochures produced and distributed by the respondent itself shows the name of the 2nd applicant as the original proprietor of the Mark. The brochure contains the name of the 2nd applicant, Opal Pumps Australia Pty Ltd, the mark "OPAL" as well as the name and address of the 2nd applicant. This brochure was produced by the respondent itself in its suit against Iklim and admitted as being distributed by them in Malaysia.

[18] This shows that the 2nd applicant is the first user of the Mark in Malaysia and is the lawful proprietor of the Mark in Malaysia. The first user of a trade mark in a country becomes the lawful proprietor of the trade mark in that country and if another person subsequently registers the trade mark as his, then the lawful proprietor becomes an "aggrieved person". Even a very small amount of prior use in the country is sufficient to make the prior user the lawful proprietor. (see: *Luk Lamellen Und Kupplungsbau GmbH v. South East Asia Cluth Industries Sdn Bhd* [1996] 3 CLJ 904).

[19] The applicants' interests will be damaged or injured if the Registration was allowed to stand in the Malaysian registry. The legitimate business interest, goodwill and/or reputation of the applicants will be affected if the Mark continues to be maintained in the register. Any person who is in the same trade as the person who has wrongfully registered a trade mark, and who desires in goods covered by the wrongful registration, is *prima facie* a person aggrieved. (see: *In re Apollinaris Company's Trade Marks* [1891] CA 186 at 225).

[20] Thus, the court is satisfied that the applicants are "aggrieved persons" within the definition of s. 45(1)(a) of the TMA and is entitled to file the present application.

"Lawful Proprietor" Of The Mark

[21] In the present case, there is irrefutable evidence that the applicants are the originator and first user of the Mark. This is found in the brochures which are distributed by the respondent itself. The first page of the brochure shows the wordings: "Opal Pumps Australia Pty Ltd".

[22] The Mark "Opal" in its exact same font as the registered Mark is also found at the bottom of the same page. The 2nd applicant's name and address is also found in the brochures. These brochures were produced by the respondent itself in its suit against Iklim and admitted as being distributed by them in Malaysia.

[23] The background facts of this case clearly show that the applicants are the lawful proprietors of the Mark in Malaysia and is thus, aggrieved persons pursuant to the principle of law laid down in the case of *Luk Lamellen Und Kupplungsbau GmbH v. South East Asia Clutch Industries Sdn. Bhd. (supra)*.

[24] The evidence show that the 1st applicant is the registered proprietor of the Mark "Opal Pumps" bearing Trade Mark No: 813976 in Australia since 16 November 1999 for pumps, machines being pumps, all included in Class 7, while the 2nd applicant is the manufacturer of pumps bearing the trade mark "Opal Pumps" and "Opal". This has not been disputed by the respondent.

Registration Obtained By Fraud

[25] The applicants contend that the registration by the respondent in Malaysia of the same trade marks was obtained by fraud.

[26] Section 37 of the TMA provides that any registration which is more than seven years is valid unless it is shown that the registration was:

(a) obtained by fraud; or

(b) that the trade mark offends against s. 14 of the Act.

[27] In the present matter, the respondent is merely the 2nd applicant's distributor. At all material times, the respondent was aware that the applicants were the lawful proprietors of the Mark in Malaysia due to their past relationship and due to the fact that the respondent knows that the indication of 'origin' of the Mark would be to the 2nd applicant.

[28] This is evident by the fact that the respondent continues to represent to the public that the products bearing the Mark were from the 2nd applicant. The brochures produced and distributed by the respondent as found in exh. RWW13 (pp. 99 and 102 or exh. RWW13 of the applicant's first affidavit) have the name and address of the 2nd applicant and its mark. The respondent has clearly taken advantage of the 2nd applicant's goodwill and reputation in marketing their products. At the same time, the respondent still intentionally registered the Mark in its own name.

[29] The facts in the present matter is very similar to the case of *Hai-O Enterprise Bhd. v. Nguang Chan (supra)*. In that case, the Malaysian importer of certain products registered the trade mark in Malaysia and sued a customer of the foreign manufacturer. When the foreign manufacturer found out, they applied to expunge the trade mark and the application for rectification was granted by the court. This expungement was granted even when the importer, Hai-O claimed that there was knowledge or consent from the foreign manufacturer from China about its registration.

[30] The case of *Hai-O Enterprise Bhd. v. Nguang Chan (supra)* was applied in the Court of Appeal case of *Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor* [2008] 1 CLJ 46 at 65 which states as follows:

> Hence, at best, the 2nd Plaintiff would have been just an importer of the goods of the 1st Plaintiff thereby depriving it of the right *per se* to claim ownership of the trade mark and trade name. Generally speaking, it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods with, not the person who imports the goods into this country.

[31] Cases show that by registering the mark that belonged to another trader despite knowing the lawful proprietor of the mark is the other trader, this is considered as fraud within the definition of one of the exceptions stated in s. 37 of the TMA. In *Luk Lamellen Und Kupplungsbau GmbH v. South East Asia Cluth Industries Sdn. Bhd. (supra)* it was held that:

> Knowing that the LUK trade mark belonged to the applicants the respondents applied for and obtained registration of the trade mark as theirs in respect of their products. In making the application, they must have claimed that the trade mark belonged to them because, by s. 25 of the Act, they had to claim that they were the proprietors of the trade mark in order to qualify to apply. Since they were not, it was a false claim made for dishonest purpose, which was to become the registered proprietors of a trade mark that belonged to somebody else. It was a falsehood practised on the registrar to achieve a result that was adverse to the interests and rights of the applicants as the lawful proprietors of the trade mark.

[32] Under the circumstances, the court is satisfied that the respondent in the present case had obtained the registration of the Mark in Malaysia by fraud.

Consent From The 2nd Applicant

[33] The respondent claims that *vide* a letter dated 8 September 1995, it had purportedly obtained the consent from the 2nd applicant to register the trade mark in Malaysia. The wordings of the said letter merely reads as follows:

> Would you please arrange for Keylargo Industrial Sdn Bhd to register the name Opal Pumps (Australia) Pty Ltd for all of Malaysia.

[34] The court's understanding from this letter is that the respondent is to arrange for the trade mark registration in the name of Opal Pumps (Australia) Pty Ltd (the 2nd applicant) and not to register the mark in the respondent's own name.

[35] The respondent also produced other letters and a statutory declaration of one Brian Trezise dated 24 October 2007 who state that he purportedly gave permission to the respondent to register the trade mark in Malaysia on behalf of the 2nd applicant.

[36] From the evidence available, the court finds that the respondent is not entitled to register the Mark in Malaysia in its own name, on the following grounds:

(a) there is no document to show that the registered proprietor of the trade mark ie, the 1st applicant, had given permission to the respondent to register the Mark;

(b) the respondent had failed to show any proof that Brian Trezise (the writer of the letter) is the Managing Director of the 2nd applicant nor the 1st applicant;

(c) the respondent failed to show that Brian Trezise has the authority to grant permission to the respondent to register the Mark;

(d) if Brian Trezise did have the authority to grant permission to the respondent to register the Mark, he would have known that the registered proprietor of the Mark in Australia is the 1st applicant and he would have issued the authorization letter on behalf of the 1st applicant; and

(e) on the other hand, there is evidence to conclusively show that the 1st and 2nd applicants, had confirmed that they did not authorize the respondent to register the Mark in Malaysia. These letters were signed by Rogers Withers, the deponent of the applicants' first affidavit and the Managing Director of both the applicants as shown in the company searches.

[37] In any event, the court is of the view that even if permission or consent had been given to the respondent to register the Mark, the respondent is nonetheless not entitled to register the Mark as the respondent is not the lawful proprietor of the Mark and the Mark is not distinctive of the respondent. The same Mark has already been registered in the name of the 1st applicant in Australia since 16 November 1999.

[38] In the case of *In re Apollinaris Company's Trade Marks* [1891] CA 186 at 186 & 226, the Court of Appeal states:

> An importer of foreign goods cannot register as his own the trade-mark of the foreign producer, whether the goods are produced by a course of manufacturer or by a process of nature; nor whether the importer has or has not an exclusive contract for this country; nor whether the producer does or does not consent to the registration.

> … if Saxlehner did give his consent to this registration, that did not, in our opinion, justify putting his mark on the register. In the first place, the label must be a distinctive label under sect. 10 of the Statute of 1875, that is a label distinguishing the goods of the person claiming it from all other …
>
> A person who puts another's trade-mark on the register cannot be person entitled under the Act.

[39] The very fact that the respondent tried to obtain permission or consent from the 2nd applicant to register the mark shows that they are aware they are not the lawful proprietor of the Mark.

[40] The court also finds that the Registration, even if with the consent or knowledge of the 2nd applicant, by the respondent, of himself as proprietor of the applicants' mark, will be regarded as having been obtained by fraud on the Registrar and the Malaysian public.

[41] *Hai-O Enterprise Bhd. v. Nguang Chan (supra),* the court held:

> What distinguishes Hai-O from the facts in some of the cases cited is that they registered the mark with the knowledge and consent of the Chinese. Perhaps they even honestly believed themselves entitled (in a subjective sense) to do as they did. However, I am compelled to hold on the facts that objectively viewed they were not entitled to say to the Registrar as they undoubtedly did that they were the proprietor of the mark. Hai-O and the people advising them in 1981 must be taken to have known the law. Section 7 of the Act forbids the Registrar taking notice of a trust. The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. By s.25 of the Act only the person claiming to be the proprietor can apply in the prescribed manner. In a nutshell Hai-O misled the Registrar on a point which went to the root of the matter. I hold that in that sense a fraud was committed on the Registrar.

[42] Based on the above, at the time of registration, it is clear that the respondent did not disclose to the Registrar who is the actual proprietor of the Mark or of their past relationship with the applicants. This goes against the very basic principle of trade mark registration where only the proprietor of the Mark is entitled to register the Mark. The respondent is not a *bona fide* proprietor of the Mark and has never acquired any proprietary interest in the Mark. As such, the respondent's act in registering himself as the

proprietor of the Mark, even where he does so with the knowledge of the 2nd applicant, must be treated as having been wrongly registered.

Allegation Of Relinquishment Of Rights To The Mark

[43] The respondent has alleged that the applicants have abandoned their goodwill and reputation in Malaysia.

[44] The court finds that as the evidence, the applicants did not abandon their goodwill and reputation of the Mark in Malaysia. The very fact that products originating from the 2nd applicant are still being sold in Malaysia by other distributor such as Iklim shows that the 2nd applicant still has goodwill and reputation in Malaysia. The 'use' of a mark in a country need not be direct use. It can be used by any authorised distributor. As long as goods are being sold in Malaysia using the Applicants' Mark under the applicants' name, it is considered as 'use' to indicate the connection in the course of trade between the goods and the applicants within the meaning of s. 3 of the TMA. The applicants have exhibited brochures using the Mark as found at pp. 60 to 89 exh. RWW11 of the applicants' first affidavit to show its goodwill and reputation. This shows that the 'OPAL' mark is distinctive of the 2nd applicant, Opal Pumps (Australia) Pty Ltd and no other.

[45] Further, the court finds that the respondent failed to show that the products they are selling are CKD products which are distinctive of them and which can distinguish between their products and the applicants' products. The Distributor Agreement shows that the products are manufactured and imported from Australia as the 2nd applicant has to guarantee the quality of the goods as stated in cl. 4(c).

[46] Further, the brochures distributed by the respondent show that the pumps were manufactured and imported by the 2nd applicant from Australia. The respondent's own invoice shows that the respondent is selling the 'Opal Easyflow End Suction Pump' which is the same pump that is manufactured by the 2nd applicant as found in the applicants' brochures.

[47] Cases show that to become a proprietor, the importer must activate qualitative change in mark to dissociate any connotation that mark may have with the manufacturer, so that in the minds of the Malaysian public it is associated exclusively with the importer alone (see: *Hai-O Enterprise Bhd. v. Nguang Chan (supra); and Bayer Pharma Pty Ltd v. Farbenfabriken Bayer A.G.* [1965] 120 CLR 285 at 323).

[48] In such cases, at least there must be clear dissociation from the initial significance of the mark so as to warrant the conclusion that the mark has become exclusively indicative of the local distributor's goods.

[49] In the present matter, the respondent did not do anything to dissociate the Mark with the applicant's mark. The respondent continues to use the word 'OPAL' as the Mark and registered the Mark. The respondent is well aware that the Mark 'OPAL' is distinctive of the 2nd applicant and continued to use the 2nd applicant's goodwill and reputation in the Mark in its marketing activities.

[50] By applying for and obtaining registration of the Mark in their own name as theirs whilst knowing that the Mark belongs to the applicants, the respondent must have claimed that the Mark belonged to them in order to qualify to apply. Since the respondent is not the proprietor of the Mark, the court is of the view that the respondent has made a false claim for a dishonest purpose.

Deception Or Confusion – Breach Of s. 14(1)(a) Of The TMA

[51] Under s. 37(b) of the TMA, in all legal proceedings relating to a trade mark (including applications under s. 45) the original registration of the trade mark shall, after the expiration of seven years, be taken to be valid in all respects unless it is shown that the trade mark offends against s. 14. Section 14 provides *inter alia* "… that a mark shall not be registered as a trade mark, if the use of which is likely to deceive or cause confusion to the public …"

[52] In *Bali Trade Mark* [1969] RPC 472 at 496 an 497, it was held that:

> It is not necessary in order to find that a mark offends section 11 to prove that there is an actual probability of deception leading to a passing off or (I add) an infringement action. It is sufficient if the result of the registration of the mark will be that a number of persons will be cause to wonder whether it might not be that case that the two products come from the same source.

[53] In *R.H. Macy & Co Inc v. Trade Accents* [1992] 1 SLR 581 at 582 and 592, it was held that:

> To establish a mark offended against s. 15 of the Act, it is necessary only to show likelihood of deception or confusion and it is not necessary to show something further, such as some possible, probable showed that deception or confusion was likely and tangible amongst members of the public, *viz* ordinary and reasonable persons including Singapore manufacturers.
>
> I am satisfied that the entry made in the register by the respondents is without sufficient cause, and that the respondents cannot lawfully claim to be the proprietors of the trade mark in Jun 1986 when they registered the mark. I am also of the view that there is a tangible danger of confusion, a confusion not between the applicants on the one hand and the respondents on the other, but between the members of the public and the respondents.

[54] The court is of the view that the element of confusion would exists if goods belonging to two (2) different proprietors with similar marks are competing in the same market in the course of trade. In the present matter, the respondent itself had represented to the public that its goods were originating or associated with 2nd applicant. The respondent also registered the Mark in respect of the same goods and same class as the applicants. Both the applicants and the respondent are in the same business of selling industrial pumps.

[55] Being the first user and the lawful proprietor of the Mark in Malaysia, the Mark had become identified with the 2nd applicant and is distinctive of the 2nd applicant for goods in Class 7 in the Malaysian market. Therefore, there is actual deception and intention to deceive on the part of the respondent. Thus, the respondent should not be permitted to register the Mark. The public should not be left in doubt as to whether the two products carrying the same mark come from the same source.

[56] If the Registration of the respondent's mark was to remain, members of the public would be confused as to the origin of the Mark, whether it is from the 2nd applicant or the respondent. The existence of the Mark 'OPAL' would likely cause confusion and deception in the Malaysian market due to the sale of the same goods by both the applicants and the respondent.

Allegation Of Delay

[57] The allegation of delay was raised in the respondent's submission. This allegation of delay had never been raised by the respondent in both its affidavit. The applicants had not been given an opportunity to explain the events that caused the delay (if any). Even if there was a delay in filing for this application, the applicants must be given the chance to explain what caused the delay by way of affidavit (see: *Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn. Bhd.* [1992] 4 CLJ 1979; [1992] 2 CLJ (Rep) 311). In the present case, the court can disregard this allegation because it was not raised in the respondent's affidavit and therefore the applicants were deprived of the opportunity to explain the same.

[58] In any event, the court is of the view that mere delay (which has yet to be proven) after knowledge of infringement does not deprive the applicants of their statutory rights or appropriate remedy. In *SV Beverages Holdings Sdn. Bhd. & Ors v. Kickapoo (Malaysia) Sdn Bhd* [2008] 4 CLJ 20 at 52, the Court of Appeal referred to the case of *Electrolux Ltd v. Electrix Ltd and Another* [1954] 71 RPC 23 where Jenkins LJ said:

> In my judgment, there is really no more in this part of the case than the simple fact that the plaintiffs delayed taking proceedings to restrain the defendant's use of "Electrix" for some years after they first became aware of such use. I will not say that there might not be a case of delay so inordinate as to make it proper for a Court to refuse relief in respect of the infringement of a trade mark, but in general mere after knowledge of infringement does not, in my opinion, deprive the registered proprietor of a trade mark of his statutory rights or of the appropriate remedy for the enforcement of those rights; and I may here refer to the case *of Vidal Dyes Ld. v. Levinstein* [1912] 29 RPC 245 at p. 259, where it was clearly stated that, in the case of a patent, mere delay in enforcing rights did not affect the legal position.

Conclusion

[59] By reason of the aforesaid, the court finds that the present rectification application by both the applicants under s. 45 of the TMA should be allowed. Therefore, the court orders that the respondent's mark be expunged from the Registrar of Trade Marks, Malaysia with costs to be paid by the respondent to the applicants.